Table 1

## CBO March 2006 BASELINE BUDGET ACCOUNT TOTALS: STUDENT LOAN PROGRAM BASELINE

		(by fiscal y	ear, in mill	ions of dolla	rs)							
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Guaranteed Loan Program Program (Subsidy) Account	BA OP	17,016 1,383	5,432 1,706	6,018	6,281	6,690	6,923	7,013	7,083	7,131	7,150	7,137
91-0231-01-502 BA01,BA03,BA04	$\mathbf{OL}$	15,886	4,939	5,049	5,352	5,686	5,936	6,049	6,109	6,148	6,166	6,153
Guaranteed Loan Program Liquidating Account	BA OP	0	0	0	0	0	0	0	0	0	0	0
91-0230-01-502 BA02	OL	-713	-612	-523	-444	-377	-100	-50	-5	-5	-5	-5
Student Aid Administration [discretionary]	BA OP	119 26	122 27	124	127	129	132	136	139	143	146	149
91-0202-01-502 AA01,AA02,AA04	OL	118	122	124	126	129	131	135	138	142	145	149
Direct Loan Program Program (Subsidy) Account	BA OP	4,362 -309	-990 -224	-1,066	-1,179	-1,243	-1,345	-1,491	-1,640	-1,802	-1,974	-2,157
91-0243-01-502 BA04,BA05,BA06	OL	4,358	-808	-935	-1,034	-1,102	-1,182	-1,304	-1,439	-1,585	-1,740	-1,907
Federal Student Loan Reserve Fund	BA OP	-244 0	-408 0	-533	-539	-584	-646	-693	-753	-817	-880	-948
91-4257-03-502 BD01	OL	-244	-408	-533	-539	-584	-646	-693	-753	-817	-880	-948
Student Aid Administration [mandatory]	BA OP	600 349	0 299	0	0	0	0	0	0	0	0	0
91-0202-01-502 BA01	OL	649	299	101	30	0	0	0	0	0	0	0
TOTAL	BA OP	21,853 1,448	4,155 1,808	4,543	4,691	4,993	5,064	4,965	4,828	4,654	4,443	4,181
	OL	20,054	3,532	3,283	3,491	3,752	4,138	4,137	4,050	3,882	3,686	3,442

Note: Fiscal year 2006 credit rees	timates include	ed in the above estimates:	Note: Fiscal year 2006 credit modifications included in the above estimat						
Guaranteed Loan Program	BA	7,298	Guaranteed Loan Program	BA	1,710				
Program (Subsidy) Account	OP	0	Program (Subsidy) Account	OP	0				
91-0231-01-502 BA03, BA04	OL	7,298	91-0231-01-502 BA01	OL	1,710				
Direct Loan Program	BA	4,147	Direct Loan Program	BA	7				
Program (Subsidy) Account	OP	0	Program (Subsidy) Account	OP	0				
91-0243-01-502 BA05,BA06	OL	4,147	91-0243-01-502 BA04	OL	7				

TOTAL GHARANTEED	ND DIRECT LOAN PROC	GRAMS, March 2006 Baseline
I O I AL OUAKAN I LLD	IND DIRECT LOAN I NO	OKAMS, Maich 2000 Daschile

TOTAL GUARANTEED AND DIRECT LOAN PROGR.			(by fiscal ye	ar)							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL ALL NEW LOANS [ New Guaranteed and Direct Loan	s]a/										
Net Annual Loan Volume (Mil \$) Net Number of Loans (000) Average Loan Amount	61,661 14,038 \$4,392	68,619 14,633 \$4,689	74,971 15,234 \$4,921	79,649 15,748 \$5,058	83,956 16,154 \$5,197	88,229 16,530 \$5,338	92,560 16,890 \$5,480	96,898 17,232 \$5,623	101,368 17,561 \$5,772	105,783 17,843 \$5,929	110,243 18,091 \$6,094
Subsidy Rate b/ c/	8.32%	5.68%	5.78%	5.59%	5.65%	5.50%	5.18%	4.87%	4.54%	4.22%	3.88%
SUBSIDIZED STUDENT LOANS [ New Guaranteed and Dis	rect Loans ]										
Net Annual Loan Volume (Mil \$) Net Number of Loans (000) Average Loan Amount	25,689 7,219 \$3,558	28,002 7,432 \$3,768	30,037 7,683 \$3,909	31,012 7,890 \$3,930	31,807 8,052 \$3,950	32,581 8,207 \$3,970	33,364 8,364 \$3,989	34,162 8,523 \$4,008	34,943 8,674 \$4,028	35,637 8,802 \$4,049	36,275 8,912 \$4,071
Subsidy Rate b/ c/	18.58%	17.26%	17.73%	18.10%	18.60%	18.82%	18.81%	18.79%	18.77%	18.77%	18.77%
UNSUBSIDIZED STUDENT LOANS [ New Guaranteed and	Direct Loans	I									
Net Annual Loan Volume (Mil \$) Net Number of Loans (000) Average Loan Amount Subsidy Rate b/c/	25,912 5,823 \$4,450 3.15%	28,793 6,091 \$4,727 0.68%	31,527 6,368 \$4,951 1.17%	33,479 6,604 \$5,070 1.51%	35,166 6,785 \$5,183 1.98%	36,726 6,945 \$5,288 2.18%	38,189 7,090 \$5,386 2.17%	39,528 7,218 \$5,476 2.15%	40,779 7,339 \$5,557 2.13%	41,848 7,436 \$5,628 2.12%	42,765 7,516 \$5,690 2.12%
PARENT LOANS [ New Guaranteed and Direct Loans ]											
Net Annual Loan Volume (Mil \$) Net Number of Loans (000) Average Loan Amount	10,060 996 \$10,097	11,823 1,109 \$10,662	13,406 1,183 \$11,335	15,159 1,253 \$12,094	16,984 1,317 \$12,897	18,922 1,378 \$13,734	21,006 1,436 \$14,626	23,208 1,491 \$15,565	25,646 1,548 \$16,565	28,297 1,605 \$17,628	31,203 1,663 \$18,760
Subsidy Rate b/c/	-4.57%	-9.61%	-10.17%	-10.99%	-10.99%	-10.99%	-10.99%	-11.00%	-11.00%	-11.00%	-11.00%

a/ Totals exclude consolidation loans.

b/ The subsidy rate is the net present value of the future federal cash flows associated with the loan dollars disbursed to borrowers each year. For example, the 2006 federal cost associated with the \$61,661 million in new loan volume would be \$5,121 million or 8.32% of the new loan volume [\$61,661 \* .0832 = \$5,130 ]. Another way to look at the cost of the loan programs is that overall it will cost the federal government on average about 8 cents for each new dollar loaned in 2006.

c/ The subsidy rates were calculated using the CBO January 2006 interest rate forecast. These rates would be different if other forecasts are used.

TOTAL GUARANTEED	LOAN PROGRAMS	March 2006 Baseline
I O I AL OUAKANI LLD	LOAN I KOOKAMS.	. Maich 2000 Dascinic

TOTAL GUARANTEED LOAN PROGRAMS, March 200	o Buscillic		(by fiscal ye	ar)							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TOTAL ALL NEW LOANS [ New Guaranteed Loans Only ] a/											
Net Annual Loan Volume (Mil \$) Net Number of Loans (000) Average Loan Amount	47,338 10,726 \$4,413	52,659 11,176 \$4,712	57,521 11,634 \$4,944	61,083 12,025 \$5,080	64,352 12,334 \$5,217	67,588 12,619 \$5,356	70,861 12,892 \$5,496	74,132 13,151 \$5,637	77,493 13,400 \$5,783	80,801 13,613 \$5,936	84,132 13,800 \$6,097
Subsidy Rate b/c/	11.98%	9.03%	9.15%	8.98%	9.07%	8.93%	8.62%	8.32%	8.00%	7.69%	7.37%
SUBSIDIZED STUDENT LOANS [ New Guaranteed Loans O	only]										
Net Annual Loan Volume (Mil \$) Net Number of Loans (000) Average Loan Amount	19,523 5,487 \$3,558	21,282 5,649 \$3,768	22,828 5,839 \$3,909	23,569 5,997 \$3,930	24,173 6,120 \$3,950	24,761 6,237 \$3,970	25,357 6,357 \$3,989	25,963 6,477 \$4,008	26,556 6,592 \$4,028	27,084 6,689 \$4,049	27,569 6,773 \$4,071
Subsidy Rate b/ c/	22.33%	20.71%	21.19%	21.55%	22.08%	22.30%	22.29%	22.27%	22.25%	22.25%	22.24%
UNSUBSIDIZED STUDENT LOANS [ New Guaranteed Loan	s Only ]										
Net Annual Loan Volume (Mil \$) Net Number of Loans (000) Average Loan Amount Subsidy Rate b/ c/	20,471 4,542 \$4,507 6.68%	22,747 4,751 \$4,788 3.89%	24,907 4,967 \$5,014 4.39%	26,448 5,151 \$5,135 4.73%	27,781 5,293 \$5,249 5.21%	29,014 5,417 \$5,356 5.42%	30,170 5,530 \$5,455 5.41%	31,227 5,630 \$5,546 5.39%	32,216 5,724 \$5,628 5.37%	33,060 5,800 \$5,700 5.36%	33,785 5,863 \$5,763 5.36%
PARENT LOANS [ New Guaranteed Loans Only ]											
Net Annual Loan Volume (Mil \$) Net Number of Loans (000) Average Loan Amount	7,343 697 \$10,530	8,631 776 \$11,119	9,787 828 \$11,821	11,066 877 \$12,613	12,398 922 \$13,449	13,813 964 \$14,323	15,335 1,005 \$15,252	16,942 1,044 \$16,232	18,721 1,084 \$17,275	20,657 1,124 \$18,384	22,778 1,164 \$19,564
Subsidy Rate b/ c/	-0.78%	-6.21%	-6.80%	-7.65%	-7.65%	-7.65%	-7.65%	-7.66%	-7.66%	-7.67%	-7.66%

a/ Totals exclude consolidation loans.

b/ The subsidy rate is the net present value of the future federal cash flows associated with the loan dollars disbursed to borrowers each year. For example, the 2006 federal cost associated with the \$47,338 million in new loan volume would be \$5,669 million or 11.98% of the new loan volume [\$47,338 \* .1198 = \$5,669 ]. Another way to look at the cost of the loan programs is that overall it will cost the federal government on average about 12 cents for each new dollar loaned in 2006.

c/ The subsidy rates were calculated using the CBO January 2006 interest rate forecast. These rates would be different if other forecasts are used.

TOTAL DIRECT LOAN PR	OGRAMS 1	March 2006 Baseline
	COIXAIND.	March 2000 Daschile

	,	(	by fiscal ye	ar)							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
NEW LOANS [ New Direct Loans Only ] a/											
Annual Loan Volume (Mil \$) Number of Loans (000) rage Loan Amount	14,323 3,313 \$4,324	15,959 3,457 \$4,617	17,449 3,600 \$4,847	18,566 3,723 \$4,987	19,604 3,820 \$5,131	20,641 3,911 \$5,278	21,699 3,998 \$5,427	22,766 4,081 \$5,579	23,874 4,161 \$5,738	24,981 4,230 \$5,906	26,112 4,291 \$6,085
sidy Rate b/ c/ d/	-3.76%	-5.40%	-5.34%	-5.56%	-5.57%	-5.74%	-6.06%	-6.37%	-6.68%	-7.01%	-7.34%
D STUDENT LOANS [ New Direct Loans Only ]											
Annual Loan Volume (Mil \$) Number of Loans (000) rage Loan Amount	6,165 1,733 \$3,558	6,721 1,784 \$3,768	7,209 1,844 \$3,909	7,443 1,894 \$3,930	7,634 1,932 \$3,950	7,819 1,970 \$3,970	8,007 2,007 \$3,989	8,199 2,045 \$4,008	8,386 2,082 \$4,028	8,553 2,112 \$4,049	8,706 2,139 \$4,071
sidy Rate b/ c/ d/	6.70%	6.34%	6.79%	7.16%	7.57%	7.80%	7.80%	7.78%	7.77%	7.76%	7.75%
IZED STUDENT LOANS [ New Direct Loans Only ]											
Annual Loan Volume (Mil \$) Number of Loans (000) rage Loan Amount	5,442 1,281 \$4,248	6,047 1,340 \$4,512	6,621 1,401 \$4,726	7,031 1,453 \$4,839	7,385 1,493 \$4,947	7,713 1,528 \$5,048	8,020 1,560 \$5,142	8,301 1,588 \$5,227	8,564 1,615 \$5,304	8,788 1,636 \$5,372	8,981 1,654 \$5,431
Sidy Rate 1/ C/ d/	-10.10%	-11.36%	-10.7370	-10.0170	-10.1770	-10.0070	-10.0270	-10.0370	-10.0470	-10.0570	-10.0070
OANS [ New Direct Loans Only ]											
Annual Loan Volume (Mil \$) Number of Loans (000) rage Loan Amount	2,716 299 \$9,087	3,192 333 \$9,596	3,620 355 \$10,202	4,093 376 \$10,885	4,586 395 \$11,607	5,109 413 \$12,361	5,672 431 \$13,163	6,266 447 \$14,008	6,924 464 \$14,908	7,640 482 \$15,865	8,425 499 \$16,884
sidy Rate b/c/d/	-14.83%	-18.82%	-19.26%	-20.03%	-20.03%	-20.03%	-20.03%	-20.03%	-20.03%	-20.03%	-20.03%
	Annual Loan Volume (Mil \$) Number of Loans (000) rage Loan Amount sidy Rate b/ c/ d/  CD STUDENT LOANS [ New Direct Loans Only ]  Annual Loan Volume (Mil \$) Number of Loans (000) rage Loan Amount sidy Rate b/ c/ d/  IZED STUDENT LOANS [ New Direct Loans Only ]  Annual Loan Volume (Mil \$) Number of Loans (000) rage Loan Amount sidy Rate b/ c/ d/  OANS [ New Direct Loans Only ]  Annual Loan Volume (Mil \$) Number of Loans (000) rage Loan Amount	Annual Loan Volume (Mil \$) Number of Loans (000) Annual Loan Volume (Mil \$) Sidy Rate b/c/d/  Annual Loan Volume (Mil \$) Annual Loan Amount  Annual Loan Volume (Mil \$) Sidy Rate b/c/d/  Annual Loan Volume (Mil \$) Annual Loan Amount  \$2,716 Number of Loans (000) Annual Loan Amount  \$299 Tage Loan Amount  \$9,087	NEW LOANS [ New Direct Loans Only ] a/   Annual Loan Volume (Mil \$)	NEW LOANS [ New Direct Loans Only ] a/	NEW LOANS [ New Direct Loans Only ] a/  Annual Loan Volume (Mil \$) 14,323 15,959 17,449 18,566 Number of Loans (000) 3,313 3,457 3,600 3,723 rage Loan Amount \$4,324 \$4,617 \$4,847 \$4,987  sidy Rate b/ c/ d/ -3.76% -5.40% -5.34% -5.56%  D STUDENT LOANS [ New Direct Loans Only ]  Annual Loan Volume (Mil \$) 6,165 6,721 7,209 7,443 Number of Loans (000) 1,733 1,784 1,844 1,894 rage Loan Amount \$3,558 \$3,768 \$3,909 \$3,930  sidy Rate b/ c/ d/ 6,70% 6,34% 6,79% 7.16%  IZED STUDENT LOANS [ New Direct Loans Only ]  Annual Loan Volume (Mil \$) 5,442 6,047 6,621 7,031 Number of Loans (000) 1,281 1,340 1,401 1,453 rage Loan Amount \$4,248 \$4,512 \$4,726 \$4,839  sidy Rate b/ c/ d/ -10.10% -11.38% -10.93% -10.61%  OANS [ New Direct Loans Only ]  Annual Loan Volume (Mil \$) 2,716 3,192 3,620 4,093 Number of Loans (000) 299 333 355 376 rage Loan Amount \$9,987 \$9,596 \$10,202 \$10,885	Annual Loan Volume (Mil \$)   14,323   15,959   17,449   18,566   19,604     Number of Loans (000)   3,313   3,457   3,600   3,723   3,820     rage Loan Amount   \$4,324   \$4,617   \$4,847   \$4,987   \$5,131     sidy Rate b/c/d/   -3,76%   -5,40%   -5,34%   -5,56%   -5,57%     DSTUDENT LOANS [ New Direct Loans Only ]     Annual Loan Volume (Mil \$)   6,165   6,721   7,209   7,443   7,634     Number of Loans (000)   1,733   1,784   1,844   1,894   1,932     rage Loan Amount   \$3,558   \$3,768   \$3,909   \$3,930   \$3,950     sidy Rate b/c/d/   6,70%   6,34%   6,79%   7,16%   7,57%     IZED STUDENT LOANS [ New Direct Loans Only ]     Annual Loan Volume (Mil \$)   5,442   6,047   6,621   7,031   7,385     Number of Loans (000)   1,281   1,340   1,401   1,453   1,493     rage Loan Amount   \$4,248   \$4,512   \$4,726   \$4,839   \$4,947     sidy Rate b/c/d/   -10,10%   -11,38%   -10,93%   -10,61%   -10,17%     DANS [ New Direct Loans Only ]     Annual Loan Volume (Mil \$)   2,716   3,192   3,620   4,093   4,586     Number of Loans (000)   299   333   355   376   395     rage Loan Amount   \$9,087   \$9,596   \$10,202   \$10,885   \$11,607     State Data   1,401   1,453   1,493     Annual Loan Volume (Mil \$)   2,716   3,192   3,620   4,093   4,586     Number of Loans (000)   299   333   355   376   395     rage Loan Amount   \$9,087   \$9,596   \$10,202   \$10,885   \$11,607     State Data   1,401   1,401   1,401     Annual Loan Volume (Mil \$)   2,716   3,192   3,620   4,093   4,586     Number of Loans (000)   299   333   355   376   395     rage Loan Amount   \$9,087   \$9,596   \$10,202   \$10,885   \$11,607     Annual Loan Nolume (Mil \$)   2,716   3,920   3,020   3,020   3,020     State Data   1,401   1,401   1,401     Annual Loan Nolume (Mil \$)   2,716   3,192   3,620   4,093   4,586     Number of Loans (000)   2,99   333   355   376   395     rage Loan Amount   3,908   3,908   3,908   3,908     Rate Data   1,401   1,401   1,401     Rate Data   1,401   1,401   1,401   1,401     Rate Data   1,401   1,401   1,401     Rate Data   1,401   1,40	Annual Loan Volume (Mil \$)   14,323   15,959   17,449   18,566   19,604   20,641   Number of Loans (000)   3,313   3,457   3,600   3,723   3,820   3,911	Annual Loan Volume (Mil \$)	Annual Loan Volume (Mil S)	New Direct Loans Only   a/	Annual Loan Volume (Mil \$)

a/ Totals exclude consolidation loans.

b/ The subsidy rate is the net present value of the future federal cash flows associated with the loan dollars disbursed to borrowers each year. For example, the 2006 federal cost associated with the \$14,323 million in new loan volume would be -\$539 million or -3.76% of the new loan volume [\$14,323 \*- .0376 = -\$539 ]. Another way to look at the cost of the loan programs is that overall it will save the federal government on average about 4 cents for each new dollar loaned in 2006.

c/
The subsidy rates for direct loans DO NOT include most federal administrative cost associated with disbursing and collecting the loans. Those costs are included on a cash basis in another budget account.

d/ The subsidy rates were calculated using the CBO January 2006 interest rate forecast. These rates would be different if other forecasts are used.

# Detail of the Fiscal Year Values for the 2007 Federal Subsidy Rates

[Note: the Federal Subsidy Rates are Shown in Percent for Each Dollar Loaned]

Guarantee	d Subsidized Loans:		<b>Direct Subsidized Loans:</b>	
	Fees	-1.74%	Fees	-1.87%
	In-School Interest Costs	16.99%	Disbursement	98.66%
1./	Special Allowance Payments	1.69%	Principal Repaid	-57.31%
	Net Federal Claim Payments	2.15%	Interest Paid	-25.05%
	Other	1.62%	Other	-8.09%
	Total Subsidy Rate	20.71%	Total Subsidy Rate	6.34%
Guarantee	d Unsubsidized Loans:		Direct Unsubsidized Loans:	
	Fees	-1.91%	Fees	-1.88%
	In-School Interest Costs	0.00%	Disbursement	98.62%
1./	Special Allowance Payments	2.03%	Principal Repaid	-66.83%
	Net Federal Claim Payments	2.34%	Interest Paid	-31.16%
	Other	1.43%	Other	-10.14%
	Total Subsidy Rate	3.89%	Total Subsidy Rate	-11.38%
Guarantee	d Parent Loans:		Direct Parent Loans:	
	Fees	-4.89%	Fees	-3.00%
	In-School Interest Costs	0.00%	Disbursement	99.87%
1./	Special Allowance Payments	-3.12%	Principal Repaid	-56.22%
	Net Federal Claim Payments	2.54%	Interest Paid	-39.09%
	Other	-0.74%	Other	-20.38%
	Total Subsidy Rate	-6.21%	Total Subsidy Rate	-18.82%

<sup>1./</sup> The loan consolidation fee is included with the special allowance payments because it offsets interest paid to lenders. For parent loans that are consolidated, that fee more than offsets the special allowance payments.

#### CBO March 2006--ANNUAL NEW CONSOLIDATION LOAN VOLUME IMPLICIT IN THE BASELINE FORECAST \*

(by fiscal year, in millions of dollars)																			
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Actual	Preliminary																	
Guaranteed Loan Consolidation Vol.	3,354	4,928	6,592	9,418	22,935	35,248	36,116	53,956	38,742	25,184	21,391	21,330	20,633	20,471	21,778	24,244	26,477	28,528	30,726
Direct Loan Consolidation Vol.	2,429	7,974	5,419	7,774	8,910	6,676	7,718	15,685	15,691	14,108	12,652	10,999	11,048	12,363	13,108	14,610	15,913	17,159	18,324
Total Consolidation Vol.	5,783	12,902	12.011	17,192	31.845	41.924	43,834	69,641	54,433	39,292	34,043	32,329	31,682	32,834	34,886	38,854	42,391	45,686	49,050

<sup>\*.</sup> Note: Loan consolidation under Section 502(5)(C) of the Federal Credit Reform Act of 1990 is considered a repayment choice of a borrower in the calculation of the loan program subsidies rather than a newly disbursed loan at the time of the consolidation. Thus, the above volume levels for new annual consolidations are those implicit in the forecast of borrower repayment choices in the baseline subsidy estimates of the original loans.

TABLE 7 Mar-06

### STUDENT AID ADMINISTRATION--March 2006 Baseline

- 1	h	7 110001	TIOOF	110	millione	$^{-}$	dollare	١.
١,		v iistai	veal.		millions	()1	CIUHAIS	,

		7	by fiscal year			2000	2010	2011	2012	2012	2011	2015	2016
			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Discretionary Funding		BA	119	122	124	127	129	132	136	139	143	146	149
		OT	118	122	124	126	129	131	135	138	142	145	149
Mandatory Funding	1./	BA	600	0	0	0	0	0	0	0	0	0	0
Mandatory I unding	1./			-									-
		OT	649	299	101	30	0	0	0	0	0	0	0
		_											
TOTAL		BA	719	122	124	127	129	132	136	139	143	146	149
		OT	767	421	225	156	129	131	135	138	142	145	149

<sup>1.</sup> The guaranty agency account maintenance fee has been moved to the subsidy rate of guaranteed student loans.

FEDERAL RESERVE FUND and FEDERAL RESTRICTED ACCOUNT---March 2006 Baseline 1./

	(by federal fiscal year, in millions of dollars)											
	Preliminary											
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund Reserve Balance (BOY)	na	-1,040	-1,283	-1,609	-2,142	-2,681	-3,265	-3,911	-4,605	-5,358	-6,175	-7,055
Fund Income Fund Expenses Net Federal Outlays	na <u>na</u> <u><b>152</b></u>	-5,289 5,045 <u>-244</u>	-6,014 5,606 <u>-408</u>	-6,642 <u>6,109</u> <u>-533</u>	-7,341 6,802 - <u>539</u>	-7,972 <u>7,388</u> <u>-<b>584</b></u>	-8,559 7,913 <u>-<b>646</b></u>	-9,127 <u>8,434</u> <u>-<b>693</b></u>	-9,675 8,922 <u>-<b>753</b></u>	-10,214 <u>9,396</u> <u>-<b>817</b></u>	-10,748 <u>9,868</u> <u>-<b>880</b></u>	-11,276 10,328 <b>-948</b>
Fund Reserve Balance (EOY)	na	-1,283	-1,609	-2,142	-2,681	-3,265	-3,911	-4,605	-5,358	-6,175	-7,055	-8,003
Required Reserve Fund Level	na	-828	-895	-955	-1,013	-1,068	-1,122	-1,178	-1,239	-1,304	-1,372	-1,442

na= not available.

<sup>1./</sup> For the purposes of federal budgeting, fund income is shown as a negative outlay and fund expenses as a positive outlay. Thus, net outlays (net income) that are negative would indicate that the government's income is greater than its expenses and that the government's surplus is increased (or the deficit reduced.) On the other hand, net outlays (net income) that are positive indicate that the government's income is less than its expenses and that the government's income is less than its expenses and that the government's surplus is decreased (or the deficit increased).

#### **CBO March 2006 Baseline Forecast**

#### HISTORICAL INTEREST RATES BY FISCAL YEAR

	Treasury Bill Rate: a/b/	BER 3-Month Commercial Paper Rate: a/b/
1981	15.25%	1981 15.00%
1982	12.09%	1982 12.80%
1983	8.69%	1983 8.87%
1984	9.89%	1984 10.12%
1985	8.16%	1985 8.39%
1986	6.63%	1986 7.08%
1987	5.81%	1987 6.37%
1988	6.39%	1988 7.32%
1989	8.42%	1989 9.07%
1990	7.92%	1990 8.26%
1991	6.17%	1991 6.61%
1992	3.89%	1992 4.08%
1993	3.07%	1993 3.31%
1994	3.78%	1994 4.00%
1995	5.65%	1995 5.98%
1996	5.21%	1996 5.50%
1997	5.17%	1997 5.59%
1998	5.12%	1998 5.66%
1999	4.55%	1999 5.15%
2000	5.73%	2000 6.37%
2001	4.53%	2001 5.04%
2002	1.78%	2002 1.88%
2003	1.13%	2003 1.25%
2004	1.12%	2004 1.26%
2005	2.69%	2005 2.99%

#### PROJECTIONS OF INTEREST RATES BY FISCAL YEAR

BER 91-Day Treasury Bill Rate: a/b/	BER 3-Month Commercial Paper Rate: a/b/
2006 4.41%	2006 4.77%
2007 4.61%	2007 5.02%
2008 4.55%	2008 4.96%
2009+ 4.51%	2009+ 4.91%

#### Discount Rate--10-Year Zero Coupon Bond c/

2009 5.20%

a. Because the costs of the student loan programs are estimated on a net present value basis, the interest rate forecast for 2009+ is the rate which has the most impact on the federal cost of loans disbursed over the forecast period.

b. BER stands for bond equivalency rate.

c. The cash flows of the student loan programs are discounted using a matrix of different zero coupon bonds. The rate shown here is the forecast for a 10-year zero coupon bond for fiscal year 2009. It is shown here for illustrative purposes.